

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

HB 364 – SB 676

April 7, 2009

SUMMARY OF AMENDMENT (005825): Requires a student applying for the service scholarship to attain an ACT mathematics score of at least 27 if the student intends to teach mathematics or attain an ACT science score of at least 27 if the student intends to teach science. Authorizes TSAC to accept contributions from private sources for funding with the first scholarships to be awarded when the amount of money contributed from private sources totals \$1,500,000. Funding from the state will depend upon the availability of funds and funds being appropriated in the General Appropriations Act for this purpose.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$58,300/One-Time/Beginning in
FY11-12
Exceeds \$1,000,000/Beginning in
FY12-13

Other Fiscal Impact – Under the provisions of the bill, TSAC is authorized to collect private funds to administer a loan scholarship program for students desiring to become math or science teachers in the Tennessee public school system. The first service scholarships will be awarded when the amount of money contributed from private sources totals at least \$3,000,000. Until that time, there would be no additional staff needed for the administration of the program, nor any students enrolled in the program. It is not anticipated that the \$3,000,000 would be collected in the next two years.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - Exceeds \$1,000,000/Beginning in
FY12-13**

Other Fiscal Impact – Under the provisions of the bill, TSAC is authorized to collect private funds to administer a loan scholarship

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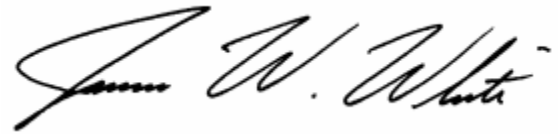
program for students desiring to become math or science teachers in the Tennessee public school system. The first service scholarships will be awarded when the amount of money contributed from private sources totals at least \$1,500,000. Until that time, there would be no students enrolled in the program. It is not anticipated that the \$1,500,000 would be collected in the next two years.

Assumptions applied to amendment:

- The program will not be implemented until \$1,500,000 in private funds is collected. It is anticipated that funds could not be collected and service scholarships would not be awarded until FY11-12.
- The award amount will be \$5,000 per student per academic year, and the student will be eligible to receive the award for five years.
- According to TSAC, an estimated 42 percent of students who begin programs complete with a degree and licensure. In 2006-07, 3,822 students completed a degree and obtained teacher licensure.
- Based on current enrollment data, it is estimated that approximately 9,100 students would start education programs in academic year 2011-12.
- According to THEC data, five percent of students who obtain licensure are in the fields of math or science ($9,100 \times 5\% = 455$). Only 10 percent of these students had the required ACT composite and sub-scores to qualify for this program ($455 \times 10\% = 46$). The program cost for 46 students the first year of implementation is estimated to be \$230,000 ($46 \times \$5,000$) in private funds.
- The annual enrollment growth is anticipated to be three percent and the standard THEC college retention rates would apply to continuing students.
- In the second year of the program, an estimated 47 new students would be eligible, and 38 students returning, for a total of 85 students with a program cost of \$425,000 ($85 \times \$5,000$) in private funds.
- The amount of state funding necessary to continue this program cannot be determined but can be estimated to exceed approximately \$1,000,000 beginning in FY12-13 or the first fiscal year private funds are exhausted.
- According to TSAC, any cost to monitor the collection and distribution of funds is estimated to be not significant.
- Any cost to THEC to study and evaluate the program and to report to the General Assembly is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

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